

**N. Recalculation of DSH Cost Limitation of \$9100 With Additional Information**

*Qualifying Determination:* If the Department determines that all or a portion of the disproportionate share (DSH) payments made to a hospital during its fiscal year are to be recovered under §9100, then the hospital may request a recalculation of the recovery amount based on alternative or additional information.

*Request Due Date:* The request for this administrative adjustment must be delivered to the Department within a due date specified in a letter from the Department to the hospital in which it is notified of the amount to be recovered.

*Adjustment Procedure:* The Department will recalculate the disproportionate share payment limitation under §5248 after the hospital has provided alternative or additional information acceptable to the Department for use in the recalculation. The Department may require the information to be provided within a limited period.

**O. Recalculation of DSH Cost Limitation of \$5248 Upon Settlement of Outpatient Reimbursement.**

*Qualifying Determination:* The hospital or the Department may initiate a recalculation of the disproportionate share (DSH) limitation of §5248 for the hospital's fiscal year at the time of settlement of outpatient reimbursement for the fiscal year.

*Request Due Date:* The hospital's request for this administrative adjustment must be delivered to the Department within a due date specified in a letter from the Department to the hospital in which it is notified of the outpatient reimbursement settlement.

*Adjustment Procedure:* The Department will recalculate the disproportionate share payment limitation under §5248 taking into account the outpatient reimbursement settlement.

**P. Claim Adjustment For Length Of Stay Outlier**

*Qualifying Determination:* For any stay which meets the criteria of §5330, a hospital may request a calculation of a length of stay outlier payment adjustment.

*Adjustment Procedure:* The hospital must submit a claim for the stay to the Department's fiscal agent. The hospital must also submit a request for this administrative adjustment to the Department with a copy of the claim. The Department will determine if the claim qualifies for an adjustment and will calculate the amount of adjustment.

Hospitals should send requests for a length of stay outlier adjustment to: Hospital Unit, Bureau of Health Care Financing, P. O. Box 309, Madison, WI 53701-0309.

*Request Due Date:* The request for this adjustment must be delivered to the Department within 180 days after the date the recipient is discharged from the hospital. This due date applies without regard as to whether or not a claim for the stay has been paid by the Department's fiscal agent.

**Q. Adjustment For Hospital Expecting Payment To Exceed Charges**

*Qualifying Criteria:* Section 9000 requires a retroactive recovery of payments when a hospital's overall payments for MA recipient services exceeds charges-plus-disproportionate share, in aggregate, for each state fiscal year period of July 1 through June 30. A hospital may request an interim decrease of its payment rate in order to avoid a significant recovery which it expects may result from accepting payment at its full allowed payment rate.

*Continuation -- Payments to Exceed Charges*

**Adjustment Procedure:** An interim payment rate will be established at a rate mutually agreeable to the hospital and the Department. After completion of the state fiscal year a final reimbursement settlement will be calculated. The charge limitation of \$9000 will be applied using overall payments including payments at the interim rates. If the payments exceed the charges, the excess will be recouped. If the payments are less than charges, then the charge limitation of \$9000 will be applied using overall payments calculated at the hospital's full allowed payment rate. The lesser of payments (a) at the full allowed rate, or (b) charges-plus-disproportionate share will be the final allowed reimbursement for the year. An additional payment will be made for the difference between the interim reimbursement and the final allowed reimbursement.

**Request Due Date and Effective Date:** This adjustment may be requested at any time with the interim payment rate effective prospectively.

**R. Disproportionate Share Adjustment for New Hospital**

**Qualifying Determination:** This administrative adjustment allows a new hospital to receive a disproportionate share adjustment for its initial years of operation to be based on its Medicaid inpatient day utilization for periods other than base cost report period specified in §5243.

**Request Due Date and Effective Date:** The 60 day rule per §11600 applies.

**Expiration of Adjustment:** The DSH adjustment expires at the end of the rate year in which the administratively adjusted rate is effective. The hospital must submit a new request for this adjustment for each rate year which begins each July 1st. (Reference §11500.)

**Definitions:** A new hospital's "initial years of operation" begin the date the hospital admits its first WMAP recipient and ends the June 30th date following completion of the hospital's fourth full fiscal year after the fiscal year in which the first WMAP recipient was admitted. (For example, a hospital's fiscal year ends each December. It admitted its first WMAP recipient on May 9, 1994. Its fourth full fiscal year after the admission ends December 31, 1998. Its "initial years of operation" end June 30, 1999.)

**Adjustment Procedure:** The DSH adjustment will be determined according to §5240. For a "Medicaid utilization adjustment", the number of inpatient days for the calculation will not come from the base cost report specified in §5243. The first adjustment which a hospital requests will be based on inpatient day data from a period of at least six months which may begin before the facility was certified for the WMAP and before the first WMAP recipient was admitted but may not begin before the facility was licensed as a hospital. Disproportionate share adjustments for subsequent rate years (i.e., rate years after the rate year in which the first DSH adjustment was made) will be based on inpatient day data for an updated and more current period of at least six months.

The specific data reporting periods to be used will be specified by the Department after consultation with the hospital. The data may be audited at a later date and, if found to be in error, the Department will recover any overpayment that resulted.

**S. Adjustment for Combining Hospitals**

Sections 5860 and 6460 provide that, for recent hospital combinings, costs and patient days from the audited cost reports of each previous individual (i.e., before combining) hospital will be combined to calculate those components of the hospital payment rates which require the use of cost report data. Hospital combinings result from hospitals combining into one operation, under one WMAP provider certification, either through merger or consolidation or a hospital absorbing a major portion of the operation of another hospital through purchase, lease or donation of a substantial portion of another hospital's operation or a substantial amount of another hospital's physical plant. Audited cost reports for the individual hospitals will be used until an audited cost report for the combined or absorbing hospital becomes available for the annual rate update. This administrative adjustment allows the combined or absorbing hospital to have its payments retroactively adjusted based on its audited cost report when they become available.

*Continuation -- Combining Hospitals*

**Qualifying Criteria:** The combined or absorbing hospital had those components of its payment rates which require cost report data based on the costs and patient days from the audited cost reports of the previous individual hospitals as provided in sections 5860 and 6460.

**Request Due Date and Effective Date:** The 60 day rule applies per §11600 above. The 60 day period applies to the notification of those rates which are based on the costs and patient days from the audited cost reports of each previous individual hospital.

For example, hospitals A and B merged into hospital C on May 1, 1995 with C having a December fiscal year end. Hospital C is notified by the Department on May 10, 1995 of its payment rates which are based on the audited cost reports of A and B. The 60 day rule starts with this May 10th notification in order for the hospital to request its rates to be retroactively adjusted based on its audited cost report for its fiscal year ending December 31, 1995 when the audited cost report becomes available.

**Expiration of Request:** The initial request will cover all periods during which payment rates were based on the audited cost reports of the previous hospitals. (Section 11500 above does not apply to this adjustment.) The hospital may withdraw the request according to the provisions §11300.

**Adjustment:** When the merged or absorbing hospital's audited cost reports become available to the Department, the Department will recalculate those payment rate components which were based on the audited cost reports of the previous hospitals and which were in effect during the period of the merged or absorbing hospital's audited cost report. Based on the recalculated payment rates, a payout or recoupment will be made for the WMAP recipient services provided by the hospital during the cost report period.

For example, hospital C's audited cost report for its first fiscal year, May 1 through December 31, 1995, became available in April 1996. Its payments for May through December 1995 will be retroactively adjusted based on this audited cost report even though it spans two WMAP rate years. (Also, because this audited cost report was received in April 1996, it will be used for the July 1, 1996 annual rate update and the use of previous hospitals' cost reports will be discontinued.)

END OF SECTION 11000  
ADMINISTRATIVE ADJUSTMENT ACTIONS

Wisconsin Department of Health and Social Services  
Inpatient Hospital State Plan  
Under Title XIX of the Social Security Act  
Methods and Standards for Determining Payment Rates

\*\*\*\*\* APPENDICES \*\*\*\*\*

- 21000 LISTING OFF HOSPITALS EXEMPT FROM 15% CAPITAL REDUCTION
- 22000 EXAMPLE CALCULATION HOSPITAL SPECIFIC DRG BASE RATE
- 23000 EXAMPLE CALCULATION MONTHLY CAPITAL PAYMENT
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EDUCATION PAYMENT
- 24500 EXAMPLE CALCULATION COST OUTLIER PAYMENT
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*Substitute Page*

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## APPENDIX SECTION 21000

LISTING OF  
HOSPITALS QUALIFYING FOR EXEMPTION FROM CAPITAL COST REDUCTION  
OF SECTION 5430, ITEM 2  
AS OF JULY 1, 1997

This list can change whenever a hospital demonstrates it meets the qualifying criteria  
or when a hospital no longer meets the qualifying criteria

Hospital & Location

Langlade County Memorial Hospital . .	Antigo
Memorial Medical Center . . . . .	Ashland
Baldwin Memorial . . . . .	Baldwin
Black River Memorial Hospital . . . . .	Black River Falls
Adams County Memorial Hospital . . .	Friendship
Hayward Area Memorial Hospital . . . .	Hayward
St. Joseph's Hospital . . . . .	Hillsboro
Rusk County Memorial Hospital . . . . .	Ladysmith
Bay Area Medical Center . . . . .	Marinette
St. Joseph's Hospital . . . . .	Marshfield
Hess Memorial Hospital . . . . .	Mauston
Memorial Hospital of Taylor County . .	Medford
St. Clare Hospital . . . . .	Monroe
Memorial Hospital . . . . .	Neillsville
Flambeau Medical Center . . . . .	Park Falls
Prairie du Chien Memorial Hospital . .	Prairie Du Chien
St. Mary's Hospital . . . . .	Rhineland
Richland Hospital . . . . .	Richland Center
Ripon Hospital . . . . .	Ripon
Shawano Medical Center . . . . .	Shawano (eff 7/1/97)
St. Mary's Hospital . . . . .	Sparta
Victory Memorial Hospital . . . . .	Stanley
Door County Memorial Hospital . . . . .	Sturgeon
Memorial Hospital . . . . .	Tomah
Vernon Memorial Hospital . . . . .	Viroqua
Howard Young Medical Center . . . . .	Wausau
Riverview Hospital . . . . .	

## APPENDIX SECTION 22000

## EXAMPLE CALCULATION

## HOSPITAL-SPECIFIC DRG BASE RATE

	Wage Portion	Non-Wage Portion	Total
1. Base DRG Rate .....	\$ 3,126	\$ 3,126	
2. X Wage Differentials .....	0.7495	0.2505	
3. = Wage Portion of Base Rate .....	\$ 2,343		
4. X Wage Area Index .....	0.9858		
5a. = Adjusted Wage Portion .....	\$ 2,310		
5b. = Non-Wage Portion of Base Rate .....		\$ 783	
6. Total of Adjusted Wage & Non-Wage .....			\$ 3,093
7. X Indirect Medical Education % (Note A) .....			1.0329
8. X Disproportionate Share Factor (Note A) .....			1.0430
9. X Rural Hospital Adjustment (Note A) .....			1.1500
10. = DRG Base Rate before Capital and Direct Medical Education .....			\$ 3,832
11. Add: Hospital-Specific Base Capital Payment .....			\$ 528
12. Add: Hospital-Specific Base Direct Medical Education Payment .....			\$ 70
13. <b>HOSPITAL-SPECIFIC DRG BASE RATE</b> .....			<b>\$ 4,430</b>
<b>including capital and direct medical education base payment</b>			

Note A -- If no adjustment applies to hospital, then a 1.00 multiplier is used

## APPENDIX SECTION 23000

## EXAMPLE CALCULATION

**HOSPITAL-SPECIFIC BASE CAPITAL PAYMENT**  
**For Wisconsin Hospitals and Major Border Status Hospitals**

CAPITAL COSTS .....	\$ 1,558,800	
(Cost Report Source: Worksheet B part II line 95 minus costs not related to hospital, lines 34-36 and 63-94)		
Divide by: TOTAL COSTS .....	Divide by	<u>\$23,908,575</u>
(Cost Report Source: Worksheet C line 101 minus lines 34-36 and 63-94)		
RATIO CAPITAL COSTS TO TOTAL COSTS .....	=	0.0652
TOTAL T-19 INPATIENT COSTS .....	X	<u>\$ 1,663,287</u>
(Cost Report Source: Supplemental worksheet E-3 part III line 1)		
T-19 CAPITAL COSTS .....	=	\$ 108,446
CAPITAL REDUCTION FACTOR (5% used for purpose of example) .....	X	<u>5%</u>
CAPITAL REDUCTION AMOUNT .....	=	<u>( \$ 5,442 )</u>
REDUCED T-19 CAPITAL COSTS .....	=	\$ 103,004
DRI INFLATION FACTOR .....	X	<u>1.192</u>
REDUCED CAPITAL X DRI FACTOR .....	=	\$ 122,781
DISPROPORTIONATE SHARE FACTOR .....	X	<u>1.043</u>
CAPITAL With DISPROPORTIONATE SHARE ADJUSTMENT .....	=	\$ 128,061
WMP RECIPIENT DISCHARGES from audited cost report .....	Divide by	<u>196</u>
CAPITAL COST PER DISCHARGE .....	=	\$ 653
AVERAGE DRG CASE MIX WEIGHT (INDEX) PER DISCHARGE .....	Divide by	<u>1.2370</u>
<b>HOSPITAL-SPECIFIC BASE CAPITAL PAYMENT .....</b>	<b>=</b>	<b><u>\$ 528</u></b>

Note A -- If no disproportionate share adjustment applies to hospital, then a 1.00 multiplier is used

**EXAMPLE CALCULATION****HOSPITAL-SPECIFIC BASE DIRECT MEDICAL EDUCATION PAYMENT  
For Wisconsin Hospitals**

ROUTINE & SPECIAL CARE COST, MEDICAL EDUCATION COSTS. ....	\$70,475
(Cost Report Source: Worksheet D part 1 line 101, column 3, medical education costs)	
ANCILLARY MEDICAL EDUCATION COSTS. ....	+ \$125,051
(Cost Report Source: Worksheet D part II line 101, column 3, medical education costs)	
TOTAL MEDICAL EDUCATION COSTS .....	= \$ 195,526
TOTAL COSTS. ....	Divide by \$23,908,575
(Cost Report Source: Worksheet C line 101 minus lines 34 to 36 and 63 to 94)	
RATIO MEDICAL EDUCATION COSTS TO TOTAL COSTS. ....	= .0082
TOTAL T-19 INPATIENT COSTS .....	X \$1,663,287
(Cost Report Source: Supplemental worksheet E-3 part III line 1)	
T-19 DIRECT MEDICAL EDUCATION COSTS .....	= \$13,639
DRI INFLATION FACTOR. ....	X 1.192
INFLATED DIRECT MEDICAL EDUCATION COSTS .....	= 16,258
DISPROPORTIONATE SHARE FACTOR (Note A). ....	X 1.043
ADJUSTED FOR DISPROPORTIONATE SHARE. ....	= \$16,957
WMP RECIPIENT DISCHARGES from audited cost report .....	Divide by 196
DIRECT MEDICAL EDUCATION PROGRAM COST PER DISCHARGE .....	= \$ 87
AVERAGE DRG CASE MIX WEIGHT (INDEX) PER DISCHARGE. ....	Divide by 1.2370
<b>HOSPITAL-SPECIFIC BASE DIRECT MEDICAL EDUCATION PAYMENT .....</b>	<b>= \$ 70</b>

Note A -- If no disproportionate share adjustment applies to hospital, then a 1.00 multiplier is used



## APPENDIX SECTION 24500

EXAMPLE CALCULATION  
COST OUTLIER PAYMENT

Pursuant to Section 5320

BASE DATA

APPROVED BEDS ..... 42  
 T-19 INPATIENT COSTS (Cost Report Source: Worksheet E-3 part III line 1) \$1,663,287  
 T-19 INPATIENT CHARGES (Cost Report Source: Worksheet E-3 part III line 21) Divide by \$2,099,050  
 COST-TO-CHARGE RATIO FOR OUTLIER CALCULATIONS ..... = 0.7924  
 (Ratio of T-19 inpatient costs to T-19 inpatient charges)

EXAMPLE CALCULATION OF COST OUTLIER PAYMENT

1. Allowable claim charges ..... \$ 73,550  
 2. Cost-to-charge ratio (see above) ..... X .7924  
 3. Claim charges adjusted to cost ..... \$ 58,281.02  
 4. DRG Payment ..... (\$ 12,477.10)  
 5. Claim cost exceeding DRG payment ..... \$ 45,803.92  
 6. Applicable trimpoint for hospital bed size ..... (\$ 5,235)  
 (Trimpoints applicable to current rate year are listed in section 5320.1.)  
 7. Decision: Does Line 5 -exceed- Hospitals Trimpoint at Line 6?  
     X Yes - Continue at Line 8  
     \_\_\_ No - No outlier payment in addition to DRG payment  
 8. Claim cost exceeding DRG payment and trimpoint ..... = \$ 40,568.92  
 9. Variable cost factor ..... .77  
 10. Disproportionate share adjustment percentage (Note A) X 1.043  
 11. Adjusted variable cost factor ..... X .8031  
 12. OUTLIER PAYMENT ..... = \$ 32,580.90  
 13. DRG PAYMENT ..... + \$ 12,477.10  
 14. TOTAL PAYMENT FOR CLAIM ..... \$ 45,058.00

Note A -- If no disproportionate share adjustment applies to hospital, then a 1.00 multiplier is used

For Line 4 above, example calculation of base DRG payment.

	<u>Basic DRG</u>	<u>Capital</u>	<u>Direct Med Ed</u>	<u>Total</u>
Hospital-Specific Base Rate	\$ 3,832	\$ 528	\$ 70	\$ 4,430
Times: DRG Weight for stay	<u>2.8165</u>	<u>2.8165</u>	<u>2.8165</u>	<u>2.8165</u>
Basic DRG Payment	\$ 10,792.83	\$ 1,487.11	\$ 197.16	\$ 12,477.10

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**APPENDIX SECTION 27000**  
**AREA WAGE INDICES**  
Effective July 1, 1999

Following wage area indices are based on wage data from  
the HCFA 1997-98 hospital wage survey as of May 15, 1999.

<u>WAGE AREAS FOR WISCONSIN HOSPITALS</u>	<u>For Original Remaining Hospitals in Area</u>	<u>For Hospitals Reclassified to Area</u>
Appleton/Neenah/Oshkosh .....	0.9465	None
Eau Claire .....	0.9586	None
Green Bay .....	0.9763	None
Janesville/Beloit .....	1.0283	None
Kenosha .....	0.9288	None
La Crosse .....	0.9556	None
Madison .....	1.0624	1.0624
Milwaukee County .....	1.049	None
Ozaukee-Washington-Waukesha Counties...	1.0382	1.0382
Racine .....	0.9854	None
Sheboygan .....	0.9157	None
Superior, WI / Duluth, MN .....	1.1136	None
Wausau .....	1.0114	1.0114
Rural Wisconsin .....	0.9157	None

<u>WAGE AREAS FOR BORDER STATUS HOSPITALS</u>	<u>For Original Remaining Hospitals in Area</u>	<u>For Hospitals Reclassified to Area</u>
Twin Cities, Minnesota .....	1.1247	None
(St. Paul, Minneapolis, Coon Rapids, Edina, Lake City, Robinsdale, Stillwater, Chisago City, Hasting) .....		
Duluth, Minnesota .....	1.0933	None
Rochester, Minnesota .....	1.1656	None
Rockford, Illinois .....	0.9435	None
Dubuque, Iowa .....	0.9112	None
Chicago - Woodstock, Harvard, Illinois .....	1.0687	None
Iowa City, Iowa .....	1.0318	None
Rural Illinois .....	0.9086	None
Rural Minnesota .....	0.9798	None
Rural Michigan .....	0.904	None